

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6347

BILL NUMBER: SB 69

NOTE PREPARED: Feb 11, 2011

BILL AMENDED: Feb 10, 2011

SUBJECT: Annexation.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Court Petition*- The bill provides, with certain exceptions, that when a municipality initiates an annexation, the municipality must file a petition with the court containing the signatures of: (1) at least 60% of the landowners in the territory proposed to be annexed; or (2) the owners of more than 75% in assessed valuation of the land in the annexed territory. It provides that, if the court finds that the petition has a sufficient number of signatures, a hearing must be conducted to review the annexation and fiscal plan. It allows a person to intervene as a party at the hearing to review the annexation and fiscal plan if: (1) the person is an owner of property in the territory; (2) the person and no other owner of the property have signed the petition filed by the municipality; and (3) the person appeared at the hearing conducted by the municipality on the annexation ordinance or submitted a remonstrance or other document into the record of the hearing.

Removal of Current Procedures- The bill eliminates a procedure that requires the court to order an annexation not to take place if certain circumstances are shown. The bill removes provisions allowing a municipality to obtain waivers of a landowner's right to remonstrate against an annexation.

Effective Date of Annexations- The bill provides that in all circumstances an annexation becomes effective when the ordinance or judgment is filed by the municipal clerk.

Noncontiguous Annexation for All Municipalities- The bill allows all municipalities to annex noncontiguous territory for the purpose of: (1) an industrial park; (2) a shopping center or mall; or (3) an economic development area. (Current law allows only certain municipalities to annex noncontiguous territory for purposes of an industrial park.).

Repealers- The bill repeals provisions concerning: (1) waivers of remonstrance against an annexation; (2) filing a remonstrance against an annexation; and (3) settlement agreements in lieu of annexation

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues: *Court Petition-* If more annexations are filed with the court, the state General Fund would see an increase in revenue from court filing fees.

Background: A civil costs fee of \$100 is assessed when a civil case is filed, 70% of which is deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures: *Court Petition-* Municipalities would have to pay filing fees when an annexation petition is submitted to a court. Some of the filing fees are payable to the state. Municipalities filing petitions under the bill would realize an overall net increase in expenditures. A court receiving a petition would have to send notifications of a petition hearing by certified mail.

Effective Date of Annexations- Generally, when an annexation is approved, services are extended to the annexed area. The annexing municipality would increase expenditures to provide those services, which may include police, fire, trash pick-up, and sewer and water services. (See *Explanation of Local Revenues.*)

(Revised) *Noncontiguous Annexation for All Municipalities-* Under current law, certain municipalities may annex areas that are not more than two miles from their boundaries to be used as an industrial park. Current law requires the area annexed is to be used as an industrial park within five years after passage of the annexation ordinance. If the area ceases to be used as an industrial park, for at least one year, the territory reverts back to the unit having jurisdiction before the annexation. The municipalities that this provision currently applies to, must be located in the following counties: Bartholomew, Cass, Elkhart, Floyd, Grant, Huntington, Jasper, Marshall, Starke, and Wabash.

The bill would allow this type of annexation to all municipalities. The bill would also allow these annexations to occur for a shopping center/mall or an economic development area as additional uses for the annexed land in addition to industrial park use.

Explanation of Local Revenues: *Court Petition-* If more petitions are filed, local governments would receive revenue from court fees.

Background:

Court Filing Fees- The county general fund receives 27% of the \$100 civil costs fee that is assessed when a case is filed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed

in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% is deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Effective Date of Annexations- When services are extended during an annexation, the municipal property tax levy is extended to the newly annexed property owners. Therefore, assuming the cost to extend services is roughly equal to the property taxes levied on the annexed property owners, the tax burden on the existing citizens should be unchanged. However, if services can be extended for less than the amount of taxes collected from the new residents, the property taxes of the existing citizens could decline.

State Agencies Affected:

Local Agencies Affected: A municipality initiating an annexation under the provisions of the bill; trial courts.

Information Sources:

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